



# EVERLAST: TINY SPORTS GOODS MANUFACTURER TO BOXING GIANT

Rudra Prasanna Mohapatra

Fitness Consultant, Indian Boxing Federation

## Everlast

### Boxing and Sporting Goods Manufacturer

**Everlast** is active in the design, manufacturing, licensing and marketing of boxing, mixed martial arts and fitness related sporting goods equipment, apparel, footwear, and accessories. Based in Manhattan, Everlast's products are sold across more than 75 countries. Everlast is a wholly owned subsidiary of Brands Holdings Limited, a global company and manager of worldwide sporting goods and apparel brands.

In 1910 **Jacob Golomb** established Everlast as a swimsuit manufacturer. Gradually the company ventured for other sports items like sports wears. Finally the company ended up with the boxing at 1917. In 1917, the young Jack Dempsey introduced boxing to Golomb, resulting in the brand's first boxing headgear that would last more than 15 rounds of intensive training. The chronology of the history of Everlast is shown in **Exhibit I**.

### Establishment of Everlast: 1910

A 17-year son of a tailor, Jacob Golomb, and his wife Hannah founded Everlast in the Bronx in 1910 to manufacture swimsuits. The name of the company was derived from his guarantee that the outfits would last an entire summer. Within a few years he began to produce other sports equipment and opened a shop in the Bronx to sell his wares. An avid fight fan, Golomb also began to make boxing equipment, and within a few years his store became known as *Boxing Headquarters*. The connection of the Everlast name with champions began in 1916 when future heavyweight champion *Jack Dempsey* turned to Golomb for equipment. According to his biographers, Dempsey was unheralded when he arrived in New York in 1916, but apparently Golomb recognized the boxer's potential and granted him credit on training gear. Dempsey failed to launch his professional boxing career at this time, however, and returned to the West, where in reduced circumstances he picked fruit, dug ditches, and washed dishes. A new manager, Doc Kearns, provided Dempsey with a second chance, and it was late in 1917 that the boxer began to make a name for himself after a pair of noteworthy fights in San Francisco. He returned to the New York area in 1918, knocking out the number one contender in Harrison, New Jersey, which resulted in a title fight against Jess Willard on July 4, 1919. Dempsey, forever grateful to Golomb, was wearing Everlast boxing gloves on the day he became the heavyweight champion of the world. For years he freely endorsed Everlast products. It is evident here is that the picture of boxing is more enhanced by introducing stars like Dempsey to the boxing. The brand image got enhanced due to involvement of celebrity.

To replace the trunks secured by a leather belt that most boxers wore, Golomb introduced trunks with an elastic waistband in the mid-1920s. He continued to add to his line of boxing equipment, so that by the 1930s ever last's ties to the sport were deeply ingrained. Here Golomb tried to incorporate differentiation strategy for claiming Everlast as advanced globes maker. With all the great fighters wearing Everlast trunks and robes and fighting with Everlast gloves, the company gained the reputation as "The Choice of Champions." To the general public, Everlast and its distinctive concave logo became virtually synonymous with boxing.

After Jacob Golomb died in the 1950s, the business was taken over by his son David. In 1958, David Golomb sold a half-interest to Ben Nadorf, but it remained very much a private business. Nadorf was instrumental in expanding Everlast and opening a second manufacturing operation in Moberly, Missouri, in 1966. It was in Moberly that Everlast produced complete boxing rings, including ropes, turnbuckles, corner stools, and 12-inch gongs to mark the rounds of a fight. It was indeed an innovation to make a complete boxing ring. Normally, the ring is assembled before fights and the components like iron clamps, mattress, ropes were not branded or intentionally produced under any manufacturer.

Long dominant in boxing, Everlast was not quick to adapt to the changing world of the 1960s and 1970s. The sport of boxing remained popular, but young boys no longer received a pair of boxing gloves in much the same way they would a baseball glove or a basketball. It must be noted this is the era when America was booming in boxing. Muhammad Ali got the Olympic Gold Medal in 1960. But during

this booming market no change was observed in Everlast. Moreover, the company faced increased pressure from foreign companies that now made copycat boxing equipment, which was carried by the modern sporting goods chains, as opposed to the smaller stores that Everlast traditionally preferred. Apparel companies, however, recognized that the Everlast label possessed international recognition, promoted by its recognizable logo, which was seen during countless fights on television: on the waistbands on trunks, the cuffs on gloves, and the stanchions supporting the ring turnbuckles. Everlast also received free play when it appeared in the advertising of other products. Despite the company's lack of interest in actively promoting itself, the Everlast label had achieved an incredible level of recognition. Virtually without trying, the company had created a brand with a penetration that others could only dream about. With its longtime connection to boxing, Everlast possessed an athletic and tough image, as well as associations to an edgy world. In others words, it had the making of becoming incredibly hip, a brand in a category all by itself with immense untapped value.

### Beginning of Licensing: 1980s

It was in 1983 that the company first agreed to license the Everlast name. Apparel maker Gerson & Gerson licensed the label to market a line of novelty women's shorts and robes. To promote the items, Gerson employed models who shadow-boxed in department stores wearing skimpy tank tops and shorts, a campaign that failed miserably. According to a 1990 *Forbes* article,

*"To many shoppers, the soft-porn approach seemed only slightly more upscale than mud-wrestling. ... Everlast learned an important lesson: If you're selling macho by association, go light on the macho. Capitalize on the scrappy image without offending the target market with lurid images of boxing mayhem."*

Licensing became an increasingly more important source of income for Everlast as boxing equipment sales tapered off, although sales of sports equipment such as punching bags, wrestling mats, and pommel horses to schools and gyms remained steady. Relying primarily on an outside agent, Everlast by the end of the 1980s licensed its name to more than a dozen companies, its logo found on a wide range of sportswear as well as sports products such as equipment bags. Everlast merchandise was sold in such upscale department stores as Bloomingdale's, Macy's, and Nordstrom, and not found in mass merchandisers such as Kmart. In addition, during the 1980s Everlast sought to take advantage of a fitness boom and began manufacturing some new exercise items, including ankle and wrist weights for women, exercise wheels, and other home items.

Everlast became associated with its chairman and current chief executive, George Horowitz, in 1992 when the company asked him to launch a line of women's sportswear under the Everlast label. Born in Brooklyn Horowitz actually grew up far more interested in boxing than in women's apparel and essentially became involved in the garment industry by chance. His father introduced him to boxing, and, according to Horowitz, he developed a passion for the sport by the time he was five years old. He often attended fights with his father at Madison Square Garden, where he became familiar with the Everlast logo in the ring. Horowitz graduated from Long Island University during the height of the Vietnam War, and instead of going on to law school he elected to take a draft exemption by teaching social studies in the New York public school system as well as indulging his interest in sports by coaching basketball and track. When New York fell into a severe financial crisis in the mid-1970s, Horowitz, who lacked tenure, lost his job. To support himself and his pregnant wife, he sold insurance for a year, a job he was glad to leave when presented in 1976 with an opportunity to help start an apparel company called Golden Touch Imports with a family friend. It was only because of this unanticipated set of circumstances that Horowitz established a career in fashion.

Horowitz started out as the vice-president of operations at Golden Touch, which did about \$1 million in business in its first year. Fifteen years later it was a \$250 million international concern and Horowitz was part owner, although not the major partner. He struck out on his own in 1990, starting up his own company to produce no-name active wear and sportswear. In 1992, he formally incorporated the business as TI Sportswear, Inc. In that same year Everlast approached him about licensing the Everlast label for women's sportswear. Upon receiving the

license he changed the name of his company to Active Apparel. In the early days, when the company was staffed by just three people, Horowitz hired Rita Cinque as a consultant. She soon disbanded her own three-year-old business to join the new firm and became instrumental in the quick rise of Active Apparel, which took full advantage of the Everlast license.

Everlast originally asked Horowitz if he was capable of doing half a million dollars in business under the Everlast label during the first year. When he was able to generate \$6.7 million in sales for 1993 by focusing on the theme of women's empowerment, followed by \$12 million in 1994, Horowitz solidified his relationship with Golomb and Nadorf. Proving to be a tireless promoter of the Everlast women's line, he crisscrossed the country and even became involved in women's boxing. To take advantage of Active Apparel's success in transforming a traditionally male-dominated brand into a lucrative women's line of clothing, he soon signed a licensing agreement with Converse. In 1995, he took Active Apparel public, offering initial shares at \$6.25 and netting \$4 million. He took the company in a different direction in 1996 when he obtained a license from MTV based on a popular dance show and launched The Grind Line collection. Everlast, however, remained the most lucrative part of Active Apparel's business, and Horowitz eagerly strengthened his ties to the boxing label. Late in 1997, Active Apparel began to sell a line of bathing suits under the Everlast Woman brand. To focus all the company's attention on Everlast, Horowitz soon jettisoned Converse and MTV. He subsequently landed the Everlast menswear license as well, leading to even more robust business for Active Apparel. Promotional efforts were stepped up, leading to "Everlast Week" activities conducted at major retailers. The company also opened concept stores in Bloomingdale's.

### Falling out of Favor in the 1990s

While the licensing business, spearheaded by Active Apparel, was doing well for Everlast in the 1990s, its traditional boxing equipment business was deteriorating rapidly. Its shoes were of poor quality, essentially generic products made in Pakistan with the Everlast logo stitched on. Furthermore, the company's robes and trunks had not kept current with changing styles and its gloves no longer appealed to professional fighters. They were not considered to be "punchers' gloves," nor were they durable, leading some to call them "Neverlast." Other companies took advantage of the decline in Everlast, including new glove manufacturers Grant and Reyes. Rather than answer the upstart competition by improving the quality of their boxing equipment, the company allegedly turned to unsavory means of maintaining its market dominance. In 1998, Grant's founder, Grant Elvis Philips, sued in federal court, accusing Everlast of conducting a smear campaign against him. He claimed that Everlast personnel spread a number of nasty rumors about his operation: that it illegally smuggled products into the country, lacked product-liability insurance, bribed fighters to wear Grant Gloves, and produced gloves that were so defective they could lead to injuries, even death. According to Grant, Everlast was also responsible for a whispering campaign that suggested he was the illegitimate son of a Nevada boxing promoter and that he was known to steal Everlast gloves out of dressing rooms so that boxers would have to fight wearing Grant gloves. Some months later the suit would be settled, with Everlast paying an unspecified amount of money.

Much of the reason that Everlast was out of step with the contemporary boxing scene was that its leadership was aging. After David Golomb died at the age of 74 in 1995, 80-year-old Nadorf bought the remaining half of the business. In the late 1990s, a number of large companies approached him about acquiring Everlast. Because he was concerned that the company might be broken up, and he wanted someone with a genuine passion for boxing and truly understood the Everlast brand, he turned to Horowitz, who was excited about the possibility of buying the company. In the fall of 2000, the two parties reached an agreement on a \$60 million cash and stock deal. Active Apparel changed its name to Everlast Worldwide, with Horowitz serving as chairman and chief executive and Nadorf holding the title of president of the Everlast Sporting goods division.

Horowitz was quick to initiate changes, foremost of which was to restore Everlast's reputation in the boxing world. He replaced 1950s-era sewing machines with new models and computerized the ordering and inventory systems. He also hired consultants to help redesign Everlast equipment. Well-known trainer Teddy Atlas served as the connection to the fighters, trying out new equipment and offering suggestions to the Everlast designers. Horowitz also hired a noted hand surgeon, Dr. Charles Melone, to help in the design of gloves, making sure they conformed to the hand and offered proper protection. Atlas, in turn, made sure the gloves felt right from the boxer's point of view. Horowitz became a frequent visitor to major fights, bringing along Everlast factory workers as well. Boxers were also invited to visit the Everlast offices and factories. Well-known boxers Sugar Ray Leonard and Shane Mosley were hired as spokesmen for Everlast. Moreover, the company became heavily involved in grass roots efforts and gave away boxing equipment around the world.

Horowitz brought licensing in-house, which prompted a lawsuit in December 2000 from the company's former agent, Joan Hanson & Co., alleging breach of contract. To run the licensing operation he hired Hal Worsham, who had considerable experience with Converse, where he headed international licensing. Worsham had also been involved in marketing at BF Goodrich Dunlop, Fisher-Price, and Hanna-Barbera. In order to support licensees and the introduction of new products, Horowitz stepped up the company's marketing efforts, from

developing new packaging to engaging in advertising for the first time in many years. He forged sponsorship deals with major boxing broadcasters HBO and ESPN so that the Everlast logo would be prominently displayed on mat rings and corner posts. He was also keen to take advantage of product placement opportunities. The 2001 film *Ali*, which was based on the career of famed boxer Muhammad Ali, featured the Everlast logo throughout, and although the producers needed Everlast in order to maintain period accuracy and were prepared to pay for period Everlast equipment, Horowitz willingly donated the items. The result was in many ways a two-hour Everlast commercial and a rare case in which a movie's product placement was fully justified by the story.

Horowitz viewed the Everlast brand as a "sleeping giant," and there was no doubt that the label was nothing less than an American icon. Despite a lack of enthusiasm from Wall Street, which bid down the company's stock by a third over the course of the first 15 months, there was every reason to believe that with Horowitz's unbridled enthusiasm for Everlast, the label's high recognition factor, and untapped international licensing opportunities, the "Choice of Champions" was positioned to enjoy even greater success in the years to come. See Financial Statements in **EXHIBIT II**.

### Current Products Diversification

Everlast produces a large quantity of boxing and MMA gloves for all types of training. Boxing-related equipment such as heavy bags, speed bags, and headgear are among other products made by the brand. Everlast has granted a large number of licenses for a diverse range of products including men's and women's athletic apparel, sports-nutrition products, and athletic footwear. The company's products are marketed globally, and its international business is predominantly conducted through distributorship arrangements.

Everlast has designed various technologies that cushion the hands and wrist (EverGEL), regulate body temperature (EverCool), wick away moisture (EverDri) and fight the growth of bacteria and microbes (EverFresh). Everlast products are used in amateur and professional boxing contests as well as in boxing and MMA gyms and training camps.

Everlast has been providing equipment for the **Reality Television** show **The Contender** and **The Biggest Loser**. The video game **Fight Night: Round 4** features equipment bearing the Everlast name. Now Everlast reaching the ordinances through the media and known to be a brand associated with boxing where ever the name goes.

### Everlast: Recent Achievements

Everlast Worldwide, Inc., the premier fight sports and fitness brand in the world, claimed victory at this year's World Mixed Martial Arts Awards when it was named Best MMA Technical Equipment Brand. The awards celebrate success and recognize achievement within the MMA industry, giving fans around the world the opportunity to vote for those who have made the greatest impact on the sport of Mixed Martial Arts.

*"It's a tremendous honor to be recognized by MMA consumers as the best technical MMA equipment manufacturer in the world," said Neil Morton, CEO of Everlast. "As the preeminent brand in the world of fight sports, this validates our authenticity and 100 year experience of providing the best-quality equipment for professional and amateur fighters everywhere."*

Beginning with heavyweight champion Jack Dempsey to middleweight legend Sugar Ray Robinson, to UFC champion Randy Couture and UFC light heavyweight contender Jon Jones, Everlast is the brand of choice for generations of world champion professional athletes.

### Everlast Industry Diversification: Cap Industry

Everlast Worldwide, Inc., the premier fight sports and fitness brand in the world, today announced an exclusive partnership with New Era Cap, the leading headwear designer and manufacturer, to create a limited-edition Everlast N.Y. By No Mas, New Era collection.

"As we celebrate our centennial, it was important to partner with an authentic brand like New Era those shares a similar heritage and passion," said Adam Geisler, President of Everlast. "The line distinctively reflects Everlast's authentic brand heritage while appealing to a broader audience."

Everlast's premium N.Y. Collection is an ongoing collaboration with New York based sport and culture brand No Mas. Inspired from vintage photographs, catalogs and equipment, the two N.Y. Collection's New Era styles celebrate Everlast's 100 year anniversary and reflect Everlast's authentic New York City heritage. Both styles employ New Era's iconic **59FIFTY™** silhouette. The "N.Y." hat features felt appliqué on heavyweight Melton wool in black or heather gray, while the "Choice of Champions" hat features embroidery on a traditional baseball wool frame. Both hats feature an Everlast N.Y. canvas label stitched down on the back of the hat.

"Like Everlast, the New Era brand was founded in the early 1900's in New York and was built upon authentic products that reflect quality and craftsmanship making the collaboration between the two brands completely organic," said Braden

Dahl of New Era. "Everlast is one of the most recognizable sports brands in the world and we are honored to partner with and support them during their 100th anniversary – it is a major accomplishment."

*"Boxing and baseball have always been our two greatest sources of inspiration," said No Mas founder Chris Isenberg. "The collaboration with New Era gave us a chance to combine those influences. Everlast and New Era together is as classic as you can get."*

#### Everlast and Celebrity Association: Brand Management

Everlast, the global leader in fight sports and fitness, today announced the signing of an exclusive equipment contract with fast rising MMA star Ryan Bader. With a record of 11 wins and 0 losses, the former All-American wrestler has become a key player in the light heavyweight division.

Bader, who will play a feature role in direct to consumer and retail marketing initiatives, has made his relationship with Everlast official and agreed to exclusively train with Everlast equipment. Currently riding a four fight win streak within the UFC, the season 8 winner of The Ultimate Fighter will face MMA legend Antônio Rogério Nogueira on September 25<sup>th</sup>, 2010.

"Ryan Bader is an ideal ambassador for the Everlast brand," said Matt Cowan, VP of Marketing and Product for Everlast. "He is a true professional and possesses the necessary strength and determination to one day become a world champion. We are proud to add Ryan Bader to our family of Everlast endorsers."

"To be part of a brand as storied as Everlast is truly a dream come true," said Bader. "Growing up as a fight fan, I used to watch Mike Tyson and old highlights of Ali and Frazier all wearing Everlast, and aspire to be like them by practicing on an old Everlast heavy bag. To now be a part of the Everlast family and join those great champions I once looked up to, is truly a surreal feeling."

Ryan Bader has teamed up with training partners and fellow Arizona State alum, CB Dollaway and Aaron Simpson to open Power MMA and Fitness in Gilbert, Arizona. The brand new facility will feature Everlast equipment and is scheduled to open by the end of 2010.

Everlast Worldwide Inc., the global leader in fight sports and fitness, today announced the signing of an exclusive equipment contract with MMA standout Jon "Bones" Jones. Widely recognized as the best young talent in MMA today, the 23-year old Jones has a record of 11-1 and trains out of the renowned Jackson's Mixed Martial Arts Gym in Albuquerque, NM.

Under the agreement, Jones will exclusively train with Everlast equipment, as well as play a feature role in direct to consumer and retail marketing initiatives. Following Jones' August 1st victory over veteran Vladimir Matyushenko, the high-school All-American wrestler and Junior College National Wrestling Champion, is positioned to make a run at the light heavyweight title.

"Jon Jones is one of the most exciting athletes in MMA today," said Matt Cowan, VP of Marketing and Products for Everlast. "His drive and dedication embodies the value upon which our brand was built and his eagerness to join the Everlast legacy further solidifies our position as the dominant brand in the sport."

"I couldn't be more excited to join the Everlast family" said Jones "Everlast has a rich history associated with the greatest fighters of all time and I am proud to be a part of that tradition, alongside icons like Randy Couture, Muhammad Ali and Mike Tyson."

#### Everlast in T shirt Industry

New York, NY - January 21, 2010 - Everlast Worldwide, Inc. and WBC Welterweight World Champion Andre Berto have teamed up to create a limited edition "Team Berto" t-shirt to support Haitian relief following the January 12th earthquake.

All profits from the sale of the t-shirt benefit the American Red Cross's Haiti Relief and Development fund to support emergency relief and recovery efforts and help those affected by the earthquake.

"Like the rest of the world, we are deeply saddened by the tragic events in Haiti and are committed to using our resources to help those in need," said Neil Morton, CEO of Everlast Worldwide. "So when news of the disaster broke, we immediately contacted Andre to see how Everlast could help."

In addition to giving away 100% of the profits from sales of the shirt go to the American Red Cross, Everlast has committed to donating \$10,000 of clothes to the recently established Berto Dynasty Foundation!, to be distributed amongst those in Haiti who have survived but are without basic necessities.

#### Everlast Hires MWW Group as PR Agency of Record

MWW Group the nation's top ten public relations firms, announced today that it has been retained by Everlast as the company's PR agency of record. Everlast is the preeminent brand in boxing and a global leader in the design, manufacturing and licensing of sporting goods equipment. MWW Group will spearhead a

national public relations campaign that will include media relations, B2B and branding initiatives. Additionally, the firm will help guide communication strategy surrounding Everlast's 100 year anniversary in 2010, the company's increased penetration into the Mixed Martial Arts (MMA) category, and the introduction of new lines of innovative products and offerings.

"Everlast is a great American brand that has become a global icon for athletic excellence and high quality equipment and apparel. We're extremely proud to help guide the company's communications strategy as it begins an exciting chapter in its storied history," said Michael W. Kempner, president and CEO of MWW Group. "Our team will implement a highly disciplined program focused on introducing the brand to a new generation of consumers and athletes while helping to fuel the continued growth of Everlast's retail, licensing and B2B programs."

"When searching for a PR firm, it was important for us to choose a partner who shared our core values of individuality, unwavering determination and commitment to greatness. In addition to being a great chemistry fit, MWW Group brings deep expertise in the sports and apparel sectors and a proven track record for leading successful consumer and B2B initiatives," said Adam Geisler, president of Everlast. "This experience, coupled with MWW Group's understanding and passion for our brand, makes them a natural choice to be our agency of record."

#### Everlast Worldwide to Launch New Logo and Icon as Part of Global Re-Branding Strategy

Everlast to Reveal New Logo, Icon, Corporate Colors and Tagline to Coincide with 2008 Brand Marketing Strategy

The re-branding will be launched in the third quarter of 2007, and it will include strategies within a unified marketing plan that will effectively set the goals, ambitions and future objectives to enhance Everlast's position as a premier brand. As part of this integrated marketing effort, Everlast will reveal a refreshed logotype, a new icon, corporate colors and tagline, "GREATNESS IS WITHIN," via print, out-of-home and internet advertising campaigns. Everlast will further communicate this re-branding effort in 2008 on all product packaging and communication materials worldwide.

The new brand assets are based on the ethos of strength, dedication, individuality and authenticity which collectively define Everlast's history and future. The refreshed logotype has been updated to meet the modern needs of the Everlast consumer. The new icon is clean, bold, energetic and confident. It is unique, easily recognizable and its vanishing perspective symbolizes the idea of infinity; the idea of never stopping. The composite logotype and icon together will stand as a dynamic representation of the Everlast brand ethos. The consistent use of these brand assets on a global scale will help to ensure a cohesive brand message to all Everlast consumers.

Seth Horowitz, Chairman and CEO of Everlast Worldwide Inc., said, "We are confident that our new brand strategy will elevate the Everlast name based upon the core values brought out by our brand ethos. In order to effectively communicate these principles we clearly understood the need for our consumer to connect with our brand on an emotional level and we have done extensive research to understand our target consumer's needs and wants. The broad goal of our strategy is to establish a clear vision and image for our brand on a global scale. We feel confident that our new brand guidelines accurately establish the equity and strength of our brand heritage and point to the future of Everlast as a premier fitness and active lifestyle brand."

#### Questions

1. Which era Everlast did perform best and why?
2. Is Rebranding the best strategy for Everlast or the Celebrity Association?
3. How product diversification (many sports goods) to only boxing (focused strategy) helped Everlast?
4. How do you predict the future strategies for Everlast?
5. Was America's External environment helped Everlast or the new strategy of Horowitz?

#### BIBLIOGRAPHY:

Official Website of Everlast World Wide Inc.

Website collections of New York Times

<http://sec.edgar-online.com>

## EXHIBIT I

## History of Chronology of Everlast

**1910:** Jacob Golomb establishes Everlast as a swimsuit manufacturer.  
**1917:** According to legend, contact with Jack Dempsey leads to Everlast's involvement in boxing.  
**1958:** Ben Nadorf becomes co-owner with Golomb's son, David.  
**1966:** Everlast opens manufacturing facility in Moberly, Missouri.  
**1983:** Everlast begins licensing its name.  
**1993:** George Horowitz and Active Apparel Group gain Everlast license for women's sportswear.  
**2000:** Active Apparel acquires Everlast, forms Everlast Worldwide.

## EXHIBIT II

## Financial Statement: Everlast Worldwide Inc

## EVERLAST WORLDWIDE INC.

## CONSOLIDATED BALANCE SHEETS

	September 30, 2 0 0 1	December 31, 2 0 0 0
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,520,666	\$ 5,452,301
Marketable equity securities	441,707	414,866
Accounts receivable - net	4,854,608	4,852,014
Due from factor	3,298,191	3,652,353
Inventories	12,395,244	8,715,934
Prepaid expenses and other current assets	1,421,573	788,411
Total current assets	27,931,989	23,875,879
Restricted cash	-	950,000
Property and equipment, net	6,249,068	6,299,999
Cash surrender value - life insurance	835,312	835,312
Intangible assets	33,304,371	34,118,913
Other assets	952,810	797,781
Total assets	\$69,273,550	\$66,877,884
<b>LIABILITIES, REDEEMABLE PARTICIPATING PREFERRED STOCK AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$2,170,626	\$ 2,826,865
Loan payable - factor	3,350,000	-
Industrial bonds payable, current maturities	-	300,000
Accrued expenses and other current liabilities	2,039,185	1,345,325
Preferred stock dividend payable	1,611,872	27,324
Total current liabilities	9,171,683	4,499,514
License deposits payable	757,723	672,962
Industrial bonds payable, net of maturities	-	3,125,000
Long term debt, net of current maturities	80,916	-
Total liabilities	10,010,322	8,297,476
Redeemable participating preferred stock	45,000,000	45,000,000
Stockholders' equity:		
Common stock, par value \$.002; 19,000,000 shares authorized; 3,172,936 issued, 2,998,936 outstanding	6,346	6,346
Class A common stock, par value \$.01; 100,000 shares authorized; 100,000 shares issued and outstanding	1,000	1,000
Paid-in capital	11,642,105	11,642,105
Retained earnings	3,205,936	2,543,680
Accumulated other comprehensive income	135,060	114,496
Less treasury stock, at cost (174,000 common shares)	(727,219)	(727,219)
Total liabilities and stockholders' equity	\$ 69,273,550	\$ 66,877,884

## EVERLAST WORLDWIDE INC.

## CONSOLIDATED STATEMENTS OF INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2 0 0 1	2 0 0 0	2 0 0 1	2 0 0 0
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales	\$ 14,264,997	\$ 9,100,476	\$ 38,825,212	\$ 25,284,946
Cost of goods sold	9,398,676	5,456,075	25,347,968	15,294,462
Gross profit	4,866,321	3,644,401	13,477,244	9,990,484
Net license revenues	1,366,881	--	3,770,064	--
	6,233,202	3,644,401	17,247,308	9,990,484
Operating expenses:				
Selling and shipping	2,413,537	1,921,529	7,713,224	5,321,835
General and administrative	1,459,726	496,176	4,115,617	1,827,731
Interest expense	153,263	219,454	384,748	320,943
	4,026,526	2,637,159	12,213,589	7,470,509
Income from operations	2,206,676	1,007,242	5,033,719	2,519,975
Other income (expense)::				
Amortization	(265,032)	--	(814,542)	--
Investment income	19,175	--	209,081	--
	(245,857)	--	(605,461)	--
Income before provision for income taxes	1,960,819	1,007,242	4,428,258	2,519,975
Provision for income taxes	832,677	435,325	2,181,453	1,085,798
Net income	\$ 1,128,142	\$ 571,917	\$ 2,246,805	\$ 1,434,177
Redeemable preferred stock dividend	776,693	--	1,584,549	--
Net income available to common shareholders	\$ 351,449	\$ 571,917	\$ 662,256	\$ 1,434,177
Basic earnings per share	\$ .11	\$ .22	\$ .21	\$ .55
Diluted earnings per share	\$ .06	\$ .21	\$ .12	\$ .54

**EVERLAST WORLDWIDE INC.**

### CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

**NINE MONTHS ENDED SEPTEMBER 30, 2001 and 2000**

[illegible]

## EVERLAST WORLDWIDE INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,	
	2 0 0 1	2 0 0 0
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income	\$ 2,246,805	\$ 1,434,177
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	376,509	121,032
Amortization	875,533	--
Changes in assets (increase) decrease:		
Accounts receivable	(2,594)	--
Due from factor	354,162	(1,350,593)
Inventories	(3,679,310)	(241,377)
Prepaid expenses and other current assets	(639,439)	(26,241)
Security deposits and other assets	(216,020)	(244,554)
Changes in liabilities increase (decrease):		
Accounts payable, accrued expenses and other current liabilities	(361)	586,727
License deposits payable	84,761	--
Net cash provided (used) by operating activities	(599,954)	279,171
Cash flows from by investing activities:		
Restricted cash	950,000	--
Notes receivable, officer	--	7,200
Acquisition of property and equipment	(203,681)	(180,859)
Net cash provided (used) by investing activities:	746,319	(173,659)
Cash flows from financing activities:		
Repayment of long term debt	(3,000)	--
Proceeds from loan payable factor	3,350,000	--
Repayment of industrial bond	(3,425,000)	--
Net cash provided (used) in financing activities	(78,000)	--
Net increase in cash and cash equivalents	68,365	105,512
Cash and cash equivalents, beginning of period	5,452,301	239,096
Cash and cash equivalents, end of period	\$ 5,520,666	\$ 344,608
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 384,748	\$ 320,943
Income taxes	1,974,589	446,005
Supplemental disclosures of non-cash, investing and financing activities:		
Acquisition of property and equipment financed by capital lease	\$ 121,898	\$ --

Source: <http://sec.edgar-online.com/everlast-worldwide-inc/10qsb-quarterly-report-of-financial-condition/2001/11/07/section3.aspx>